



Testimony Regarding Property Assessed Clean Energy (PACE) Program

[HB 5640 introduced by Reps. Smith, Scripps, Robert Jones, Roberts, Liss, Bauer and Meadows and referred to the Committee on Great Lakes and Environment.]

Good morning. I want to thank Representative Warren for her leadership in introducing this bill and appreciate the opportunity to testify on behalf of Michigan Saves.

Michigan Saves is a nonprofit organization dedicated to making energy efficiency upgrades and installation of small-scale renewable energy systems simple and affordable for all types of Michigan energy consumers—businesses, schools, municipalities, and residents. To do this, the program will offer affordable financing, a network of qualified contractors, and a results tracking process to ensure success. This effort will stimulate the Michigan green economy, create jobs, and help consumers save energy and money.

Property assessed clean energy (PACE) programs would enhance Michigan Saves. Currently, Michigan Saves is working with private lenders (banks and credit unions) to make personal and commercial secured and unsecured loans to homeowners and businesses for the improvements done under our program. The loans are repaid by the borrower either directly to the lender or through the borrower's utility bill. Michigan Saves offers credit enhancements (loan loss reserve, interest rate buy down, etc.) to these lenders so they can invest their capital in our financing program with confidence, which makes the loans more affordable for borrowers.

Michigan Saves could complement and enhance any PACE programs offered by municipalities. It would allow us the opportunity to work with municipalities to use bond and other municipal funds to finance the improvements made under our program, with repayment through an assessment on the property tax bill and secured with a lien on the property. We could offer credit enhancements for PACE programs (for example, setting funds aside to cover defaults) and provide access to our network of qualified contractors and results tracking process.

We welcome these enhancements to stimulate investment in energy efficiency and renewable energy systems and to make these more affordable to Michigan customers.

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February 4, 2010